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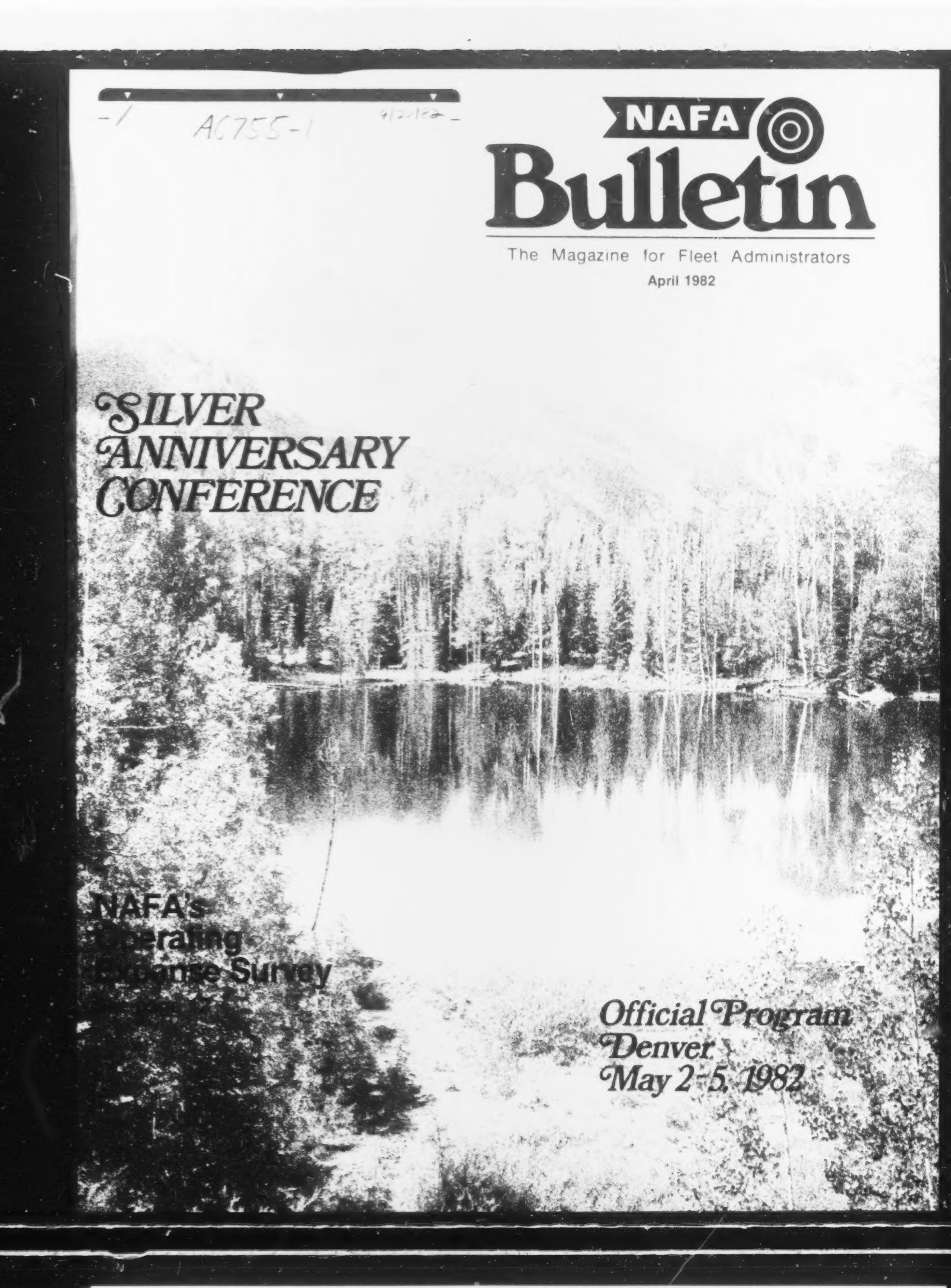
NAFA
Bulletin
The Magazine for Fleet Administrators
April 1982



SILVER ANNIVERSARY CONFERENCE

NAFA's
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[illegible]ounge Survey

Official Program
Denver
May 2-5, 1982

letters

Retired Member Commends NAFA

This is to advise you that effective April 30, 1982 I will be retiring after 21 years with this department.

Although I have not been in a position to actively participate in all of the various functions, I have enjoyed those that I was able to attend. We have, however, been able to benefit from the Automobile Fleet and NAFA Bulletin publications along with the many informative pamphlets and books received from the various manufacturers. The ability for advance information has helped a great deal in our decision-making process. Keep up the good work and know that there are those of us out here who have been served well by it.

Lt. Howard Rick
Police Department
Fridley, Minnesota

●

Alacchi Has Solution

Yesterday started as a typical fleet administrator's day. Another call from one of my drivers in Denver — same car — same problem that I've heard consistently since the car was sent there new. Where to go for an unbiased opinion of what to do to solve the problem? Then I remembered — NAFA Hotline!

The details are unimportant but upon arriving at my home last evening the phone rang and a pleasant Mr. Alacchi, apologizing for calling at my home, was the caller with the solution.

I was promoted to my present position because of my management and administrative background, certainly not my technical knowledge of automobiles. I am so grateful to have the NAFA Hotline — I think you have found a way to serve the members and fill a void that no one else has ever addressed.

My congratulations to you and to Mr. Alacchi for having the insight and creativity to offer such a needed service.

Diana L. Hullinger
Fleet Administrator
Holy Cross Shared Services

●

"Red Tag" Index For Hotline Number

I have now had two opportunities to use the NAFA Maintenance hotline. I found it so helpful that I made myself a "red tag" telephone index card to have the number at my finger tips!

On one occasion I needed information on tires, another time on shocks, especially for front wheel cars. The tire information was already incorporated into a "Maintenance News" bulletin.

Information of this kind will save NAFA members not only money but also the feeling of helplessness when talking to a mechanic from a national account store. Again, Pat, (NAFA's Maintenance Committee chairman), and Joe, many thanks for the Hotline.

O.M. Engel
Fleet Manager
Surgikos

NAFA Bulletin

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in this issue

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No Fret From Automakers To Meet 27.5 M.P.G. by '85

The future looks bright for American automakers, according to a recent report issued by the Motor Vehicle Manufacturers Association. Domestic automobiles are more than comfortably surpassing Federal fuel economy standards, and manufacturers are confident that this trend will continue into the mid-eighties and beyond. According to MVMA President V.J. Aducci, 1982 domestic cars are already topping the current federal standard of 24 miles per gallon, while they are expected to achieve an average of 31 miles per gallon by 1985.

Progress Is Encouraging

As recently as 1974, the domestic economy fleet was achieving only a 13.2 miles per gallon rate. With the current 1982 rate exceeding 24 m.p.g., progress is encouraging. As long as the marketplace continues to exert pressure in demanding more fuel efficient cars, the automobile manufacturers are expected to insure better fuel economy standards for the future.

Of the many fuel economizing techniques available to automakers, the more promising strategies utilize a combination of downsizing and weight reduction through use of lighter materials, aero-dynamic design principles, and employment of the lighter front-wheel drive models. In addition, diesel and four-cylinder engines are slated for greater popularity and computer technology will play a role in maximizing fuel efficiency with under-the-hood computers, which monitor fuel consumption and aid in emission reduction.

Car manufacturers are approaching the future with the spirit of innovation and commitment necessary to make the domestic car as efficient, safe and economical as modern technology will allow, according to V.J. Aducci, president of the MVMA.

PASSENGER CAR FUEL ECONOMY
EPA Miles Per Gallon
Model Year
1974 75 76 77 78 79 80(Est) 81(Est)* 82 83 84 85
Total U.S. Passenger Car Fleet Miles Per Gallon
Imported Passenger Car Fleet Miles Per Gallon
Domestic Passenger Car Fleet Miles Per Gallon
Energy Policy And Conservation Act Miles Per Gallon Standards
1981* Percent Increase Over 1974
77%
35%
79%
55%
* 1981 data based on mid-model CAFE reports
NOTE: 1980 and after Domestic Car Fleet does not include captive imports
January 1982

Source: Motor Vehicle Manufacturers Association

Motor Fuel Taxes Drop

(Continued from page 9)

tions. The remaining six states which share this system of taxation include Nebraska and Rhode Island, remaining at previous tax levels; Ohio and New Mexico, where rates do not change until July; Pennsylvania, using a combination of per-gallon tax plus a percentage tax that changes at each wholesale transaction; and Indiana, where the tax went up from 10.5 cents to 11.1.

Cents-Per-Gallon Used

The remaining states use a tax system whereby a flat cents-per-gallon fee is charged, irrespective of the going price on motor fuel. This allows state tax revenues to remain stable in the face of gasoline prices that might be declining at the pumps. The Highway Users Federation opposes an index, feeling that a reliable tax income can't be sustained in a climate of declining prices. On the other hand, the more widely used flat cents-per-gallon system of taxation is more certain to guarantee the sufficient revenues that are necessary for highway transportation and safety improvements.

NAFA's Operating Expense Survey Shows:

Car Prices and Push Expenses

The cost of keeping a fleet car on the road rose more than two cents a mile in 1981, as compared to 1980, according to NAFA's annual operating expense survey.

NAFA Exclusive

The major increase resulted from higher new car prices and interest charges — averaging $50 a month more in 1981 than in 1980 — while actual operating expenses remained fairly steady at less than 10 cents a mile.

A total of 72 fleets operating more than 56,000 passenger cars participated in the Association's annual survey of fleet operating expenses.

The results of the survey are based on NAFA's Recommended Classification of Automobile Expenses. Under this accounting system, fleet costs are divided into three major categories.

Operating Expenses: consist of all expenses directly related to running a vehicle — fuel, oil, tires and tire repair, and normal maintenance and repair. These are computed in pennies per mile per car.

Incidental Expenses: consist of license and taxes, accident repairs less recoveries, washing, parking, tolls, and miscellaneous expenses. These costs are computed on a dollar per car per month basis.

Standing Expenses: These consist of investment costs, depreciation, and insurance. These expenses are computed on a dollar per car per month basis.

Subtracted from the incidental and standing expenses are chargebacks or credits which are generally for personal use and optional equipment acquired by the company car operator.

In addition to the four basic car size categories used in NAFA surveys, the 1981 operating expense survey requested additional data on the cost of operating small, front-wheel drive cars and diesel engine vehicles.

Car Size Categories

The NAFA operating expense report is divided into four car size categories:

Sub-Compact Cars: Wheelbase of under 100 inches and a curb weight of less than 2,300 pounds.

Compact or Small Cars: Wheelbase between 100 and 106 inches and a curb weight of between 2,300 and 2,799 pounds.

Mid-Size or Intermediate Cars: Wheelbase between 106 and 114 inches; curb weight between 2,800 and 3,399 pounds.

Large Cars: Wheelbase of more than 114 inches and a curb weight of more than 3,400 pounds.

Sub-Compact Cars

The 1981 survey is the first in which sufficient data was acquired to break out the operating expenses for sub-compact cars. These vehicles are driven the fewest number of miles per month — 1,525 — and have the lowest cost per month —

Sub-Compact	1981
Average miles per month	1,525
Fuel	.0589
Oil	.0009
Tires & Repair	.0063
Repair & Maintenance	.0157
Total Operating Expense	.0818
Average price per gallon of fuel	$1.35
Average miles per gallon	22.9

Interest Rates Up 2 Cents

.0818 cents per mile. Based on an average price of gasoline at $1.35 per gallon, these cars averaged 22.9 miles per gallon in 1981.

The survey response didn't permit an accurate breakdown of incidental and standing expenses for this group of vehicles.

· Small Cars

Actual operating expenses for small or compact cars declined in 1981 as compared to 1980. According to the 1980 survey the operating expense was .0923 cents per mile, while in 1981 it was .0911 cents per mile. While fuel costs increased slightly in 1981 as a result of higher gasoline prices, the per mile cost of tires and repair maintenance actually declined on a per mile basis.

"The 1981 survey is the first in which sufficient data was acquired to break out the operating expenses for front-wheel drive cars and diesel engine vehicles."

In 1980 the small cars averaged 17.4 miles per gallon, while in 1981 this jumped significantly to 18.6 miles per gallon. Cost of fuel was calculated at $1.21 per gallon for 1980 and $1.35 per gallon for 1981.

Unfortunately, responses to the survey didn't provide enough data to compute the incidental and standing expenses for this group of vehicles.

Mid-Size Cars

Operating expenses for mid-size or intermediate cars increased a half cent per mile in 1981 as compared to 1980, according to the NAFA survey. In

(Continued on page 14)

Operating Expense Comparison Composite Fleets 1980 vs. 1981

	1980	1981
Average Miles per month	1,897	1,822
OPERATING EXPENSES (cents cost per car per mile)		
Fuel	.0715	.0745
Oil	.0012	.0012
Tires & Repair	.0066	.0059
Repair & Maintenance	.0132	.0142
Total Operating Expense	.0925	.0958
INCIDENTAL EXPENSES (dollar cost per car per month)		
License & Taxes	$ 9.07	$ 6.23
Accident Repairs — Recovery	8.90	8.65
Washing	3.24	5.04
Parking and Tolls	11.50	16.48
Miscellaneous	1.23	3.29
Total Incidental Expenses	$33.94	$39.69
STANDING EXPENSES (dollar cost per car per month)		
Leasing service charge or interest	$ 51.46	$ 74.86
Depreciation Reserve	120.95	154.89
Depreciation Adjustment	-16.91	-17.56
Selling Expenses	—	1.35
Insurance	19.16	21.27
Total Standing Expenses	$174.66	$234.81
CREDITS (dollar return per car per month)		
Personal Use Credit	$23.64	$41.48
Extra Equipment Credit	1.89	2.15
Total Credits	$25.53	$43.63
NET EXPENSES (Incidental Expenses plus Standing Expenses less Credits)	$183.07	$230.87

Operating Expense Comparisons 1980 vs. 1981

Small Cars

	1980	1981
Average miles per month	1,630	1,794
Fuel	.0695	.0725
Oil	.0010	.0011
Tires & Repair	.0074	.0052
Repair & Maintenance	.0144	.0123
Total Operating Expense	.0923	.0911
Average price per gallon of fuel	$1.21	$1.35
Average miles per gallon	17.4	18.6

Mid-Size Cars

	1980	1981
Average miles per month	1,929	1,799
Fuel	.0725	.0781
Oil	.0011	.0010
Tires & Repair	.0066	.0064
Repair & Maintenance	.0120	.0118
Total Operating Expense	.0922	.0973
Average price per gallon of fuel	$1.21	$1.35
Average miles per gallon	16.7	17.3

Large Cars

	1980	1981
Average miles per month	1,773	1,611
Fuel	.0859	.0977
Oil	.0012	.0014
Tires & Repair	.0065	.0070
Repair & Maintenance	.0175	.0152
Total Operating Expense	.1111	.1213
Average price per gallon of fuel	$1.21	$1.35
Average miles per gallon	14	13.8

Operating Expense Survey

(Continued from page 12)

1980, this group of vehicles cost .0922 cents per mile to operate; in 1981 it was .0973 cents per mile.

The entire increase was in the cost of fuel which rose from .0725 cents per mile to .0781 cents per mile in 1981. The cost of tires and tire repair and normal repair and maintenance remained practically level in 1981.

Average miles per gallon in 1981 was 17.3 as compared to 16.7 in 1980.

There was not sufficient data to calculate the standing and incidental expenses for this group.

Large Cars

The cost of operating large cars increased slightly more than one cent a mile in 1981, as compared with 1980 — going from .1111 to .1213. Almost all of this increase is reflected in the cost of fuel which rose from .0859 in 1980 to .0977 in 1981.

Average miles per gallon of the large cars showed a slight decrease in 1981 — 13.8 — as compared to 14 mpg in 1980. Statistically, this probably is insignificant, except when compared to the miles per gallon usage of the other categories.

Composite Fleet

The largest segment of the survey response fell into the composite fleet group which consists of those fleets that report total expenses but do not break out the expenses by car size groupings. The actual composition of the composite fleet group is three percent sub-compacts; 43 percent compacts; 51 percent mid-size, and three percent large cars.

"The major increase resulted from higher new car prices and interest charges — averaging $50 a month more in 1981 than in 1980 — while actual operating expenses remained fairly steady at less than 10 cents a mile."

Operating expenses for this group rose from .0925 cents per mile in 1980 to .0958 in 1981. The bulk of the increase resulted from the rise in the

(Continued on page 16)

COMPOSITE FLEET BREAKDOWN OF EXPENSES

Does Not Reflect Personal Use or Equipment Credits

Operating Expense Survey

(Continued from page 14)

cost of gasoline — from .0715 per gallon in 1980 to .0745 in 1981. According to the 1980 survey, the average mpg for the composite fleet was 16.9; in 1981 it was 17.8.

Incidental expenses rose from $33.94 per car per month to $39.69 per month. The single largest factor in this increase was in parking and toll charges.

Standing expenses jumped dramatically in 1981 for the composite fleet group. They rose from $174.66 per car per month in 1980 to $234.81 in 1981. Both service charges and interest and depreciation reserves showed sharp increases during the year, while insurance showed a smaller increase.

A positive factor in holding down total expenses in the group came from a significant increase in credits or dollar return to the company, particularly in personal use chargebacks. This credit rose from an average of $23.64 per car per month to $41.48 per car per month.

Total expenses for cars in the composite group — driven 1,897 miles per month — in 1980 were $358.54, or 18.9 cents per mile. According to the 1981 survey, the total expenses for cars driven 1,822 miles per month were $405.42, or 22.2 cents per mile.

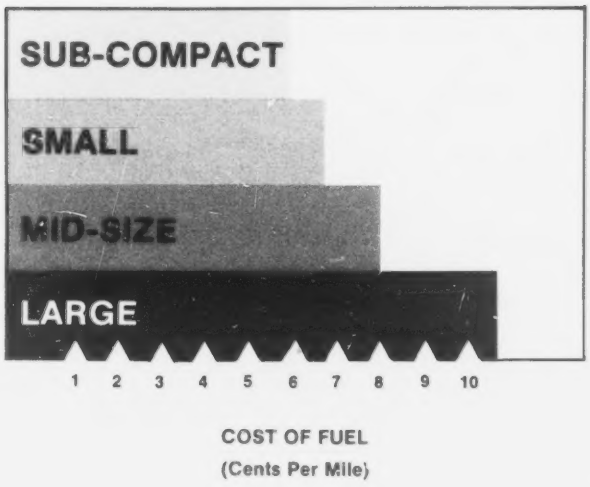
Small Front-Wheel Drive Cars

	1981
Average miles per month	1,812
Fuel	.0693
Oil	.0010
Tires & Repair	.0050
Repair & Maintenance	.0111
Total Operating Expense	.0864
Average price per gallon of fuel	$1.35
Average miles per gallon	19.8

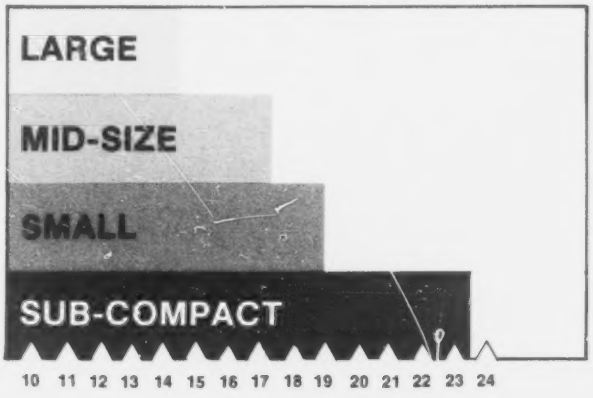
Diesel Engine Cars

	1981
Average miles per month	2,895
Fuel	.0484
Oil	.0021
Tires & Repair	.0045
Repair & Maintenance	.0080
Total Operating Expense	.0630
Average price per gallon of fuel	$1.25
Average miles per gallon	25.7

COST COMPARISONS



M.P.G. COMPARISONS



Front-Wheel Drive

Operating expenses for front-wheel drive cars, broken out for the first time in the 1981 survey, amounted to .0864 cents per mile for cars driven an average of 1,812 miles per month. According to the report, these cars averaged 19.8 miles per gallon (calculated with gasoline costing $1.35 a gallon). Total fuel costs for these vehicles was slightly less than seven cents a mile.

Diesel Engine Cars

The diesel-powered cars reported on the survey were driven 2,895 miles per month, by far the most of any group. Total operating expenses for the diesel cars was .0630 cents per mile, using an average price of $1.25 per gallon fuel. These cars reported an average of 25.7 miles per gallon. ■

Preserving America's Highways:

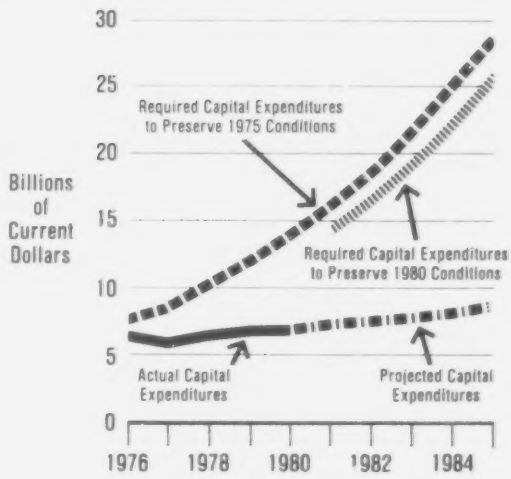
Can It Be Done?

This article is based on a study conducted by the General Motors Research Laboratories as a portion of a recently completed U.S. Roads Needs Project. The goal of the project was to document the current status of the nation's highway systems and estimate the future dollar requirements to preserve the nation's investment in its roads. The research was conducted by a team that included Dr. Bruce A. Phillips, Dr. Herbert J. Bauer, Dr. Robert D. Blanchard, and Dr. Gregory C. Nicolaidis.

The road to maintaining the major United States highway systems is strewn with financial potholes and will continue to deteriorate unless current expenditures are altered. According to a report published by General Motors Research Laboratories, the conditions on interstate, arterial, and collector systems have declined since 1975 because actual highway expenditures have lagged behind needed levels of spending.

(The Interstate Highway System consists of 39,000 miles, arterial highways represent more than 300,000 miles and serve rural traffic of significance and urban travel on the highest volume traffic corridors; the 800,000 miles of collector highways serve travel of a more localized nature than the arterial highways.)

In 1981, capital improvements costing $40.1 billion (1981 dollars) would have been needed to restore all the highway systems to their 1975 conditions. On the other hand, $14.5 billion would have been needed just to preserve the system's existing 1980 condition. These estimates of highway needs far exceed the 1981 capital expenditures for improvements of $7.5 billion. If current expenditure trends are continued until 1985, according to GMR, it will then cost $119 billion to restore the systems to their 1975 levels.



Capital expenditures needed to preserve pavement conditions on the existing US highway systems greatly exceed actual and projected expenditures through 1985.

General Motors' analysis revealed that approximately 26,000 miles of U.S. highways should have been resurfaced or reconstructed each year since 1975 to have kept pace with deterioration. The annual cost of preserving this mileage has increased rapidly, from $7.9 billion in 1976 to $14.1 billion in 1980 dollars.

Actual preservation expenditures on the Interstates, arterials, and collectors have not met these needed levels. The estimated $6.6 billion spent in 1976 was sufficient to finance 84 percent of the needed work. However, 1980 expenditures of $7.1 billion represented just over half of the level required. Expected expenditures of $8.1 billion in 1985 would represent just 30 percent of the funds

References: *Dollar Needs to Preserve and Restore U.S. Roads* by Bruce A. Phillips, GM Research Publication GMR 3513.
The Impact of Inflation Upon Highway Maintenance and Construction Costs by Bruce A. Phillips, GM Research Publication GMR-3231.

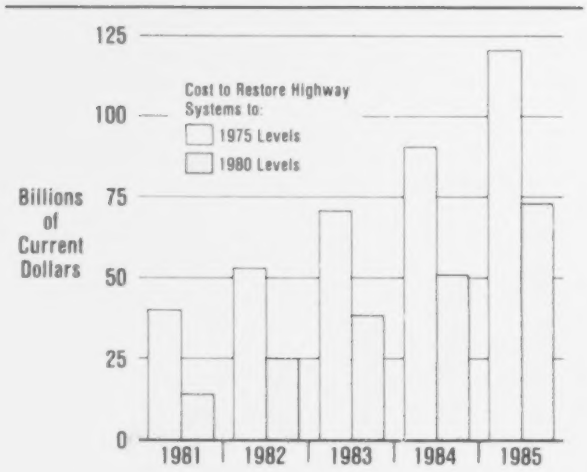
Copies of these publications may be obtained from the Technical Information Department, General Motors Research Laboratories, Warren, Michigan 48090.

needed to improve 26,000 miles of highways in that year.

In 1975 approximately 1,500 miles of the Interstate system (four percent of the entire system) were in poor condition and required resurfacing or reconstruction. If current expenditure trends continue, as many as 5,300 miles may be in poor condition by 1985. On the arterials, the portion in poor condition has increased from seven to 10 percent. This translates into a 9,000 mile increase in the number of arterials requiring extensive repair.

"The road to maintaining the major United States highway systems is strewn with financial potholes and will continue to deteriorate unless current expenditures are altered."

The report concludes with the statement, "No one argues with the fact that expenditure trends must be altered to save U.S. roads, not so clear-cut though, is how best to perform the alterations. Possible public policy options include increasing the revenue available for highway improvement, readjusting the distribution of funds between improvement and new construction, changing the maintenance and traffic characteristics to reduce the rate of pavement deterioration, and attempting to slow the rate of inflation. What we (GMR) do suggest is that prompt action be taken to preserve our nation's investment in its major highway systems." ■



If projected resurfacing and reconstruction expenditures are not increased, it will cost almost $120 billion by 1985 to restore the Interstate, arterial, and collector highway systems to their 1975 conditions and $74 billion to restore them to their 1980 conditions.

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